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## Modeling Time Variation in Systemic Risk

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## Modeling Time Variation in Systemic Risk

Xin Zhang

Systemic risk is a major threat to the stability of modern financial systems. In the interconnected system of financial institutions and sovereigns, the investigation of systemic risk involves a thorough study on the time variation of financial risks, and the dependence structure which may lead to systemic credit events. This thesis is written to provide a unified econometric framework that can be applied to measure financial systemic risk in a general and consistent way. The risk assessing framework is general enough to fit the non-Gaussian features and the time-varying conditional covariances of the risk factors. We document strong evidences of time variation of systemic risk and highlight the importance of capturing higher-order moments in modeling systemic risk.

Xin Zhang (1986) holds his bachelor degrees in Economics and Statistics from Peking University, Beijing, China. He graduated from the Tinbergen Institute M.Phil. programme (2009) with a concentration in Econometrics and Finance. In the same year, he started his Ph.D. studies at the Tinbergen Institute and VU University Amsterdam. His research interests include Econometrics, Financial Economics and Credit risk. In fall 2012, he joined the Sveriges Riksbank as an Economist in the research division.

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